

**CHAPTER NO. 313**

**SENATE BILL NO. 907**

**By Clabough, Cooper**

**Substituted for: House Bill No. 833**

**By Head, Coleman**

AN ACT to authorize the State of Tennessee, acting by resolution of its funding board, to issue and sell its interest-bearing bonds and bond anticipation notes for the purpose of providing funds to the Department of Finance and Administration and the Department of Transportation; to provide for necessary repairs, replacements, additions and betterments of buildings and facilities, expressly including the acquisition of real estate and equipment of facilities; to issue debt to fund discount and costs of issuance; and to provide for the expenditure of said funds. This act makes appropriations for an indefinite period of time for the purpose of allocating the proceeds of the bonds and notes authorized by this act.

WHEREAS, the Tennessee state veterans' homes were established for the purpose of providing support and care for honorably discharged veterans who served in the United States armed forces; and

WHEREAS, the State of Tennessee is able to borrow funds on better terms than can the State Veterans' Homes Board which has the responsibility for managing and operating the homes; and

WHEREAS, the General Assembly of the State of Tennessee has determined that the state's veterans population in East Tennessee is underserved with respect to the provision of state veterans' nursing homes; and

WHEREAS, the Tennessee State Veterans' Homes Board is able to contribute funds towards the debt service on state general obligation debt issued for its benefit; and

WHEREAS, Motlow State Community College and the Tennessee Board of Regents are currently leasing educational space in Smyrna, Tennessee, and are receiving appropriations to make the lease payments; and

WHEREAS, it has been determined to be in the best interest of the state to own space for the provision of delivery of educational programs in Smyrna rather than to lease; and

WHEREAS, funds appropriated to Motlow State Community College for leased space in Smyrna are available to be reappropriated for the debt service on state general obligation debt issued for such program space; now, therefore,

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:**

**SECTION 1.** The State of Tennessee, acting by resolutions of its funding board, is hereby authorized and empowered to issue and sell direct general obligation interest-bearing bonds of the State of Tennessee in amounts not to exceed Twenty Million Dollars (\$20,000,000) to effectuate the purposes specified in Section 4 of this act. Further, the funding board is authorized to sell bonds in amounts not to exceed 2.5% of the amounts specified above and authorized in Section 4, for the purpose of funding discount and costs of issuance. Such bonds may be issued and sold in one (1) block or in several

installments and separately or together with other general obligation bonds of the State of Tennessee as the board may determine.

SECTION 2. The bonds and the interest-bearing coupons attached thereto, if any, shall be in such form, mature at such time or times within thirty (30) years from the date of their issuance, be executed in such manner, be payable at such place or places both as to principal and interest, and be in such denomination and bear such rate of interest, payable in such manner, as the funding board shall by resolution direct; provided, however, that the maximum rate determined by the funding board in no instance shall exceed the legal rate as provided in Section 47-14-103 of the Tennessee Code Annotated. The bonds shall be sold by the funding board as provided by law, together with the accrued interest thereon, and when they have been sold, the proceeds derived from the sale thereof shall be paid to the state treasurer to be disbursed by the treasurer and other fiscal officers and agencies of the state as provided by the general law and this act. The bonds and interest payable thereon shall be exempt from taxation by the State of Tennessee or by any county, municipality or taxing district of the state except inheritance, transfer and estate taxes.

SECTION 3. When the bonds are so issued and sold, they shall be direct general obligations of the State of Tennessee for the payment of which well and truly to be made according to the tenor, effect and terms thereof the full faith and credit of the state together with its taxing power, shall irrevocably be pledged; and the bonds as authorized herein shall be issued agreeable to the terms of Title 9, Chapter 9, Tennessee Code Annotated; and they shall be financed, retired, and paid both as to principal and interest as provided in that chapter and shall be subject to the terms and conditions therein and herein contained. When the bonds are sold and proceeds paid over to the state treasurer, the funds shall be paid out by the treasurer and the proper fiscal officers of the state, as provided by general law, but only on order of the proper administrative authorities of the agency or department herein named for the benefit of which such bonds have been authorized and only to the extent such bonds have in fact been issued for the benefit of such agency or department.

SECTION 4. The proceeds of any and all issues of bonds and bond anticipation notes herein authorized shall be allocated to the following departments:

(1) To the Department of Finance and Administration in the amount of Eighteen Million Dollars (\$18,000,000) to be allocated and expended for the purpose of acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvement, betterments and extraordinary repairs to existing structures, related to state veterans' homes and for the purpose of refunding outstanding debt of the Tennessee State Veterans' Homes Board related to state veterans' homes.

The funding board shall enter into an agreement with the Tennessee State Veterans' Homes Board requiring such terms and conditions of operation of the homes as the funding board determines to be appropriate. In its discretion the funding board is authorized to issue bonds in amounts not to exceed 2.5% of the amounts specified above, the proceeds of which are to be allocated to the funding board and expended for the purpose of funding discount and the costs of issuance.

(2) To the Department of Finance and Administration in the amount of Two Million Dollars (\$2,000,000) to be allocated and expended for the purpose of acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for

expansion, improvement, betterments and extraordinary repairs to existing structures, in Smyrna for the Tennessee Board of Regents on behalf of Motlow State Community College.

The funding board shall enter into an agreement with the Tennessee Board of Regents and Motlow State Community College requiring such terms and conditions regarding the contribution toward debt service as the funding board determines to be appropriate. In its discretion the funding board is authorized to issue bonds in amounts not to exceed 2.5% of the amounts specified above, the proceeds of which are to be allocated to the funding board and expended for the purpose of funding discount and the costs of issuance.

SECTION 5. The proper authorities heretofore enumerated and charged with the duty of expending the funds shall have authority to proceed with the projects authorized herein and for that purpose may hire an architect or architects, advertise for low bids and award contracts to low bidders, all within the provisions of the general law, expressly including the provisions of Tennessee Code Annotated, Title 4, Chapter 15, and in agreement with the terms of this act. No contract, including a contract for architectural services, involving a project authorized by this act which is subject to the approval of the state building commission shall be entered into unless and until that contract shall have been approved by the building commission.

SECTION 6. The appropriation made to each agency or department as provided in Section 4 may be applied as determined by the funding board to bear its appropriate portion of discount and costs of issuance.

SECTION 7. Pending the issuance of the definite bonds authorized by this act, the State of Tennessee, acting by resolutions of its funding board, is hereby authorized and empowered to issue and sell, either at public or private sale, together with accrued interest thereon, its interest-bearing bond anticipation note or notes. Such note or notes shall be authorized by resolution of the funding board, shall bear such date or dates, as such resolution or resolutions provide. The note or notes shall bear interest at such rate or rates, be in such denominations, be in such form, be executed in such manner, be payable in such medium of payment, at such place or places and mature on such date(s), subject to such terms and conditions as such resolution or resolutions may provide. In its discretion, the funding board may provide that a bond anticipation note or any renewal of such note may mature more than five (5) years from the date of issue of the original note; provided, that an amortization schedule of repayment of principal is established for the project funded by the note and provisions are made such that any note or renewal note or bond refunding such note attributed to the financing of such project shall be redeemed or retired either thirty-five (35) years from the date of issue of such original note or thirty (30) years from the date the project is completed and placed in full service, whichever is earlier. Provisions of general law with respect to authentication, execution and registration of general obligation bonds of the State of Tennessee shall also apply to the notes to the extent applicable. The note or notes and the interest payable thereon shall be exempt from taxation by the State of Tennessee or by any county, municipality or taxing district of the state except inheritance, transfer and estate taxes. Any resolution or resolutions of the funding board authorizing the issuance of such bond anticipation note or notes shall provide that the same are issued in anticipation of the bonds authorized hereunder and shall further provide that the full faith and credit of the State of Tennessee are pledged to the payment thereof.

SECTION 8. No bonds shall be issued under the authority of this act until such time as the General Assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest on the amount of bonds to be issued and the state funding board has determined that such funds are available.

SECTION 9. Notwithstanding any other provision of this act to the contrary, the bonds and bond anticipation notes authorized by this act may be designated "college savings bonds" and be issued pursuant to the provisions of the Baccalaureate Education Savings for Tennessee Act, Chapter 190, Public Acts of 1989.


SECTION 10. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 11. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: May 22, 2003**



JOHN S. WILDER  
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 11<sup>th</sup> day of June 2003**



PHIL BREDESEN, GOVERNOR